

SENATE BILL NO. 528

INTRODUCED BY D. WANZENRIED

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FUNDING FOR SCHOOL FACILITY NEEDS; PROVIDING A FUND TRANSFER FROM THE STATE GENERAL FUND TO THE PUBLIC SCHOOL FUND; REQUIRING THAT 95 PERCENT OF THE INTEREST ON THE TRANSFERRED FUNDS BE DEPOSITED IN A SCHOOL FACILITY IMPROVEMENT ACCOUNT; AMENDING SECTIONS 20-9-341, 20-9-343, AND 20-9-620, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Fund transfer. There is transferred from the state general fund \$110 million to the public school fund established in Article X, section 2, of the Montana constitution and described in 20-9-601.

NEW SECTION. Section 2. School facility improvement account. (1) There is a school facility improvement account in the state special revenue fund provided for in 17-2-102. The purpose of the account is to provide money to schools for:

- (a) deferred maintenance;
 - (b) improving energy efficiency in school facilities; and
 - (c) critical infrastructure in school districts with changing student populations.
- (2) Beginning July 1, 2008, the money in the account may be distributed to school districts on a per-ANB basis.

Section 3. Section 20-9-341, MCA, is amended to read:

"20-9-341. Definition of interest and income money. (1) As used in this title, the term "interest and income money" means the total of the following revenue, as provided for by Article X, section 5, of the 1972 Montana constitution:

- (a) 95% of the interest received from the investment of the public school fund;
- (b) 95% of the interest received from the investment of any other school funds held in trust by the state

1 board of land commissioners;

2 (c) 95% of the income received from the leasing of or sale of timber from state school lands after any
3 deductions that may be made under the provisions of Title 77, chapter 1, part 6; and

4 (d) 95% of any other income derived from any other covenant affecting the use of state school lands.

5 (2) The remaining 5% of the revenue described in subsections (1)(a) through (1)(d) must be annually
6 credited to the public school fund after any deductions made under 77-1-109.

7 (3) There must be deposited in the school facility improvement account, provided for in [section 2], 95%
8 of the interest received from the investment of \$110 million of the public school fund."

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10 **Section 4.** Section 20-9-343, MCA, is amended to read:

11 **"20-9-343. Definition of and revenue for state equalization aid.** (1) As used in this title, the term "state
12 equalization aid" means revenue as required in this section for:

13 (a) distribution to the public schools for guaranteed tax base aid, BASE aid, state reimbursement for
14 school facilities, and grants for school technology purchases; and

15 (b) negotiated payments authorized under 20-7-420(3), up to \$500,000 a biennium.

16 (2) The superintendent of public instruction may spend throughout the biennium funds appropriated for
17 the purposes of guaranteed tax base aid, BASE aid for the BASE funding program, state reimbursement for
18 school facilities, negotiated payments authorized under 20-7-420(3), and school technology purchases.

19 ~~(3) From July 1, 2001, through June 30, 2003, the following money must be paid into the guarantee~~
20 ~~account provided for in 20-9-622 for the public schools of the state as indicated:~~

21 ~~— (a) interest and income money described in 20-9-341 and 20-9-342; and~~

22 ~~— (b) investment income earned by investing interest and income money described in 20-9-341 and~~
23 ~~20-9-342.~~

24 ~~(4)(3) Beginning July 1, 2003, the Subject to 20-9-341(3), the following money must be paid into the~~
25 ~~guarantee account provided for in 20-9-622 for the public schools of the state as indicated:~~

26 (a) (i) subject to subsection ~~(4)(a)(ii)~~ (3)(a)(ii), interest and income money described in 20-9-341 and
27 20-9-342; and

28 (ii) an amount of money equal to the income money attributable to the difference between the average
29 sale value of 18 million board feet and the total income produced from the annual timber harvest on common
30 school trust lands during the fiscal year, which is statutorily appropriated, pursuant to 20-9-534, to be used for

1 the purposes of 20-9-533;

2 (b) investment income earned by investing interest and income money described in 20-9-341 and
3 20-9-342."

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5 **Section 5.** Section 20-9-620, MCA, is amended to read:

6 **"20-9-620. Definition.** (1) As used in 20-9-621, 20-9-622, and this section, "distributable revenue"
7 means, except for that portion of revenue described in ~~20-9-343(4)(a)(ii) and available on or after July 1, 2003~~
8 20-9-343(3)(a)(ii), 77-1-607, and 77-1-613, 95% of all revenue from the management of school trust lands and
9 the permanent fund, including timber sale proceeds, lease fees, interest, dividends, and net realized capital gains.

10 (2) The term does not include mineral royalties or land sale proceeds that are deposited directly in the
11 permanent fund or net unrealized capital gains that remain in the permanent fund until realized."

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13 NEW SECTION. **Section 6. Codification instruction.** [Section 2] is intended to be codified as an
14 integral part of Title 20, chapter 9, and the provisions of Title 20, chapter 9, apply to [section 2].

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16 NEW SECTION. **Section 7. Effective date.** [This act] is effective July 1, 2007.

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